



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 15, 1999

S. 97

Children's Internet Protection Act

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on June 23, 1999*

CBO estimates that enacting this bill would have no significant effect on the federal budget. Enacting S. 97 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 97 would amend the Communications Act of 1934 to require that schools and libraries that seek assistance from the Universal Service Fund for telecommunications expenses certify to the Federal Communications Commission (FCC) that they have selected and will install a system to filter or block Internet material that is inappropriate for minors. Based on information from the FCC, CBO estimates that processing these certifications would have a negligible impact on the FCC's administrative costs.

S. 97 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Nevertheless, to the extent that schools and libraries receive subsidies from the Universal Service Fund, they would be required to comply with the bill's Internet filtering requirements and standards. Because those requirements are a condition of participating in a voluntary federal program, they would not be mandates as defined by UMRA.

The cost of complying with the bill's standards would vary widely based on each institution's computer infrastructure, current filtering system if any, chosen method for filtering, additional staff requirements, and negotiated discounts. Some states, school districts, and libraries have already begun installing filtering systems that may meet the bill's requirements; they would bear no additional costs to comply with the requirements of this bill. In most cases, the cost per computer is likely to be relatively small. But a large number of schools and libraries could be affected, and the additional aggregate cost could be in the tens of millions of dollars. (CBO estimates that subsidies from the Universal Service Fund for schools and libraries will total more than \$1 billion in fiscal year 1999.)

The CBO staff contacts are Mark Hadley (for federal costs) and Shelley Finlayson (for the state and local impact). This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.